

IN THE SENATE

SENATE BILL NO. 1039

BY LOCAL GOVERNMENT AND TAXATION COMMITTEE

AN ACT

RELATING TO INVESTMENT OF IDLE MONEYS; AMENDING SECTION 67-1210, IDAHO CODE, TO PROVIDE THAT THE STATE TREASURER MAY INVEST IDLE MONEYS IN TIME DEPOSIT ACCOUNTS INVESTED IN ACCORDANCE WITH CERTAIN CONDITIONS AND TO MAKE A TECHNICAL CORRECTION; AND DECLARING AN EMERGENCY.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 67-1210, Idaho Code, be, and the same is hereby amended to read as follows:

67-1210. INVESTMENT OF IDLE MONEYS. It shall be the duty of the state treasurer to invest idle moneys in the state treasury, other than moneys in public endowment funds, in any of the following:

(a) Bonds, treasury bills, interest-bearing notes, or other obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) General obligation or revenue bonds of this state, or those for which the faith and credit of this state are pledged for the payment of principal and interest.

(c) General obligation or revenue bonds of any county, city, metropolitan water district, municipal utility district, school district or other taxing district of this state.

(d) Notes, bonds, debentures, or other similar obligations issued by the farm credit system or institutions forming a part thereof under the farm credit act of 1971, U.S.C., tit. 12, sections 2001-2259, and all acts of congress amendatory thereof or supplementary thereto; in bonds or debentures of the federal home loan bank board established under the federal home loan bank act, U.S.C., tit. 12, sections 1421-1449; in bonds, debentures and other obligations of the federal national mortgage association established under the national housing act, U.S.C., tit. 12, sections 1701-1750g, as amended, and in the bonds of any federal home loan bank established under said act and in other obligations issued or guaranteed by agencies or instrumentalities of the government of the state of Idaho or of the United States, including the United States small business administration guaranteed portion of any loan approved by an Idaho banking corporation and by the state treasurer.

(e) Bonds, notes or other similar obligations issued by public corporations of the state of Idaho including, but not limited to, the Idaho state building authority, the Idaho housing authority and the Idaho water resource board.

(f) Repurchase agreements covered by any legal investment for the state of Idaho.

(g) Tax anticipation notes and registered warrants of the state of Idaho.

(h) Tax anticipation bonds or notes and income and revenue anticipation bonds or notes of taxing districts of the state of Idaho.

1 (i) Time deposit accounts and savings accounts in state depositories including, but not  
 2 limited to, accounts on which interest or dividends are paid and upon which negotiable orders  
 3 of withdrawal may be drawn, and similar transaction accounts.

4 (j) Time deposit accounts and savings accounts of state or federal savings and loan  
 5 associations located within the geographical boundaries of the state in amounts not to exceed  
 6 the insurance provided by the federal savings and loan insurance corporation including, but not  
 7 limited to, accounts on which interest or dividends are paid and upon which negotiable orders  
 8 of withdrawal may be drawn, and similar transaction accounts.

9 (k) Revenue bonds of institutions of higher education of the state of Idaho.

10 (l) Share, savings and deposit accounts of state and federal credit unions located within  
 11 the geographical boundaries of the state in amounts not to exceed the insurance provided by  
 12 the national credit union share insurance fund and/or any other authorized deposit guaranty  
 13 corporation, including, but not limited to, accounts on which interest or dividends are paid and  
 14 upon which negotiable orders of withdrawal may be drawn, and similar transaction accounts.

15 (m) Money market funds whose portfolios consist of any allowed investment as specified  
 16 in this section. The securities held in money market portfolios must be dollar-denominated,  
 17 meaning that all principal and interest payments on such a security are payable to security  
 18 holders in United States dollars.

19 The term "idle moneys" means the balance of cash and other evidences of indebtedness  
 20 which are accepted by banks as cash in the ordinary course of business, in demand deposit  
 21 accounts, after taking into consideration all deposits and withdrawals, on a daily basis.

22 The interest received on all such investments, unless otherwise specifically required by  
 23 law, shall be paid into the general account of the state of Idaho. Provided, unless otherwise  
 24 specifically provided by statute, any interest earned on funds received by the state pursuant to a  
 25 federal law, regulation, or federal-state agreement which governs disposition of interest earned  
 26 upon such funds shall be accounted for separately to give effect to the federal law, regulation,  
 27 or federal-state agreement.

28 If the interest is to be credited to a separate account, the state treasurer shall charge the  
 29 account an investment administration fee. The amount of the fee shall be determined annually  
 30 by the state treasurer and submitted to the board of examiners for approval as stipulated in  
 31 section 67-3524, Idaho Code. The fee shall be expressed as an annual percentage of the  
 32 average daily balance of the account, including separate investments, if any, of that account.  
 33 The fee shall be charged monthly in an amount approximately one-twelfth (1/12) of the fee  
 34 which would be payable on an annual basis. The amount of the investment administration  
 35 fee shall constitute an appropriation from the account for which the investment administration  
 36 services are rendered.

37 The state treasurer shall charge an investment administration fee to each such state  
 38 fund or account, including the general ~~account~~ fund, which receives investment income from  
 39 investments administered by the office of state treasurer. The investment administration fee  
 40 shall be determined annually by the state treasurer and submitted to the board of examiners for  
 41 approval, as stipulated in section 67-3524, Idaho Code. The fee shall be expressed as an annual  
 42 percentage of the average daily balance of the fund or account, including separate investments,  
 43 if any, of that fund or account. The fee shall be charged monthly in an amount approximately  
 44 one-twelfth (1/12) of the fee which would be payable on an annual basis. The amount of the  
 45 investment administration fee shall constitute an appropriation from the fund or account for  
 46 which the investment administration services are rendered.

1       The term "to invest" means to use the idle moneys in the state treasury to buy, sell,  
2 including selling before maturity at either a gain or a loss, retain, or exchange any of the  
3 investments described in this section, considering the probable safety of the capital, the  
4 probable income to be derived, and the liquidity of the assets.

5       (n) Time deposit accounts invested in accordance with the following conditions:

6       (1) The moneys are initially invested through a designated depository located within the  
7 geographical boundaries of the state;

8       (2) The designated depository arranges for the deposit of the funds in time deposit  
9 accounts in one (1) or more federally insured banks or savings and loan associations,  
10 wherever located;

11       (3) The full amount of principal and accrued interest of each such time deposit account is  
12 insured by the federal deposit insurance corporation;

13       (4) The selected depository acts as custodian for the treasurer with respect to the time  
14 deposit accounts; and

15       (5) At the same time that the funds are deposited in the time deposit accounts, the  
16 designated depository receives an amount of deposits from customers of other federally  
17 insured financial institutions, wherever located, equal to or greater than the amount of the  
18 funds invested by the treasurer through the designated depository.

19       SECTION 2. An emergency existing therefor, which emergency is hereby declared to  
20 exist, this act shall be in full force and effect on and after its passage and approval.